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RUEHRL/AMEMBASSY BERLIN PRIORITY 1337
RUEHBR/AMEMBASSY BRASILIA PRIORITY 0397
RUEHBY/AMEMBASSY CANBERRA PRIORITY 2516
RUEHJA/AMEMBASSY JAKARTA PRIORITY 4331
RUEHLO/AMEMBASSY LONDON PRIORITY 1954
RUEHME/AMEMBASSY MEXICO PRIORITY 0480
RUEHMO/AMEMBASSY MOSCOW PRIORITY 2100
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 8443
RUEHOT/AMEMBASSY OTTAWA PRIORITY 9608
RUEHFR/AMEMBASSY PARIS PRIORITY 5967
RUEHSA/AMEMBASSY PRETORIA PRIORITY 0271
RUEHRO/AMEMBASSY ROME PRIORITY 2046
RUEHUL/AMEMBASSY SEOUL PRIORITY 7504
RUEHFK/AMCONSUL FUKUOKA PRIORITY 5844
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C O N F I D E N T I A L SECTION 01 OF 02 TOKYO 000258

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PARIS FOR USOECD AND IEA
NSC FOR TONG AND BROWN

E.O. 12958: DECL: 01/28/2018
TAGS: [ENRG](#) [SENV](#) [PREL](#) [ETRD](#) [JA](#) [CH](#) [IN](#)
SUBJECT: JAPAN POSITIVE ON GREATER CHINA/INDIA ENERGY
ENGAGEMENT

REF: 07 TOKYO 5678

Classified By: Ambassador J. Thomas Schieffer. Reasons 1.4(b) and (d)

11. (C) Summary. Japan believes India and China need to be brought into the International Energy Agency (IEA), MOFA Economic Affairs Director-General Yoichi Otabe told visiting EEB DAS for Energy and Sanctions Hengel, even if it means that they do so without first becoming members of the OECD. Japan recognizes a move to bring in the two major energy consumers might require changes in IEA rules, something that could also mean changes in the current weighted voting system that favors the U.S. and Japan. Japan will invite Korea, Indonesia, and Australia in addition to the Outreach Five (Mexico, Brazil, China, India, and South Africa) to the July G-8 Summit in Hokkaido, but rejects a permanent expansion of the G-8. Otabe said the GOJ supports the Extractive Industry Transparency Initiative (EITI), but stressed China and India must be convinced to adhere to its principles. End Summary.

12. (C) Japan could accept a U.S. proposal to find a way for China and India to work more closely with the IEA without first joining the OECD, Ministry of Foreign Affairs (MOFA) Economic Affairs Director-General and G-8 Sous-Sherpa Yoichi Otabe told EEB DAS Doug Hengel January 23. The IEA has made some progress in its outreach to China and India, most notably in persuading them to stockpile oil to protect against supply disruptions. More can be done, however, to engage the two emerging nations on overall energy policy, Otabe stated.

13. (C) Otabe believes rewriting the International Energy

Program's (IEP) rules which govern the IEA will pose the greatest challenge to creating closer ties between the IEA and China and India. The rules state all IEA members must also be members of the OECD. China is not a democracy, however, so it cannot join the OECD Otabe asserted. He observed if the IEP were amended to allow non-OECD membership in the IEA, it may affect the weighted voting rights that favor the U.S. and Japan. DAS Hengel agreed the process will be complicated, but the rising importance of China and India in world energy markets necessitates engagement with the IEA as early as possible. Hengel informed Otabe of the U.S. plans to make a proposal regarding this issue at the IEA board meeting in March.

Outreach Five Plus Three for G-8

14. (C) Japan plans to invite Korea, Indonesia, and Australia in addition to the Outreach Five (India, China, South Africa, Brazil, Mexico) to participate at various points in the G-8 process, including the Hokkaido Summit, Otabe continued. He said the suggestion by French President Nikolas Sarkozy to enlarge the G-8 to become the "G-13" by permanently including the Outreach Five was unacceptable, as is the call for a separate meeting in Hokkaido solely between G-8 members and the O-5. Otabe said the GOJ will invite IEA Executive Director Nobuo Tanaka to attend the G-8 Energy Ministerial and is considering inviting OECD Secretary-General Angel Gurría. Inviting Gurría could become a "headache" given his "irrational" calls to enlarge the G8 to a G17, Otabe laughed.

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EITI

15. (C) DAS Hengel raised the Extractive Industry Transparency Initiative (EITI). Otabe said Japan supports the initiative, but has not been proactive in advancing its implementation because Japan's companies are not major players in the extraction sector. He noted it is important to convince China and India to commit to the EITI principles. Otabe believes the international community should engage China and India through all possible channels on the EITI and suggested raising it either in the G-8 Energy Ministers meeting or the G-8 Development Ministers meeting.

17. (U) DAS Hengel cleared this cable subsequent to his return to Washington.
SCHIEFFER